

Message Text

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43

ACTION EUR-25

INFO OCT-01 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-03 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-03 INR-11 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 H-03 PA-04 PRS-01 USIA-15 ABF-01 FSE-00

DRC-01 /170 W

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R 261213Z AUG 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC 4624

INFO AMEMBASSY ROME

AMCONSUL FRANKFURT

AMCONSUL HAMBURG

USMISSION BERLIN

UNCLAS BONN 13446

DEPARTMENT PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EFIN, GW

SUBJECT: FURTHER SPECIFICS ON FAILURE OF WOLFF BANK -
NO DISTURBANCE REGISTERED ON GERMAN FOREIGN
EXCHANGE MARKETS

REF: BONN 13368

1. FOREIGN EXCHANGE SPECIALISTS ON FRIDAY CLASSIFIED
THE NOW-CLOSED BANKHAUS WOLFF KG AS A "COMPLETELY
UNKNOWN ENTITY" AND ITS FAILURE HAD NO NOTICEABLE
EFFECT ON THE FOREIGN EXCHANGE MARKET.

2. ATTEMPTS TO RESCUE WOLFF APPARENTLY BEGAN LAST
WEDNESDAY WHEN THE HAMBURG ASSOCIATION OF BANKS
THROUGH A REGIONAL LIQUIDITY CONSORTIUM ARRANGED TO
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PROVIDE DM 10 MILLION IN LIQUIDITY ASSISTANCE

TO WOLFF. HOWEVER, HANS G. WOLFF, THE ONLY PERSONALLY
LIABLE PARTNER IN THE BANK, TURNED THIS OFFER DOWN.
HE EXPLAINED THAT THE TIME REQUIRED FOR THE
CONSORTIUM TO THOROUGHLY EXAMINE THE BANK'S BOOKS
WOULD RESULT ONLY IN FURTHER WITHDRAWALS. (CUSTOMER
ACCOUNTS HAD DROPPED FROM DM 42 MILLION AT THE END OF
1973 TO DM 15 MILLION IN AUGUST.) HE CONTENDED ALSO
THAT THE PRINCIPAL NEED OF THE BANK WAS AN EXPANDED
CAPITAL BASE AND THAT THE SINDONA GROUP WHICH OWNS
50 PERCENT OF THE BANK STOOD IN THE WAY.

3. THE BANKHAUS WOLFF WAS A KOMMANDITGESELLSCHAFT (KG)
MEANING LIMITED PARTNERSHIP. WHILE HANS WOLFF WAS THE
ONLY PERSONALLY LIABLE PARTNER, THERE WERE SOME
THIRTY-ONE ADDITIONAL PARTNERS, INCLUDING THE
SLAVENBURG BANK OF HOLLAND, WHO ARE LIABLE ONLY TO THE
EXTENT OF THEIR INVESTED CAPITAL WHICH IS REPORTED TO
AMOUNT TO DM 3.5 MILLION. FIFTY PERCENT OF THE BANK
HAS BEEN OWNED SINCE LAST YEAR BY THE SINDONA GROUP.

4. THE ASSOCIATION OF GERMAN BANKS CONTINUES TO ASSURE
ALL NON-BANK CUSTOMERS OF THE BANK THAT THEY WILL BE
FULLY COMPENSATED AND THAT OTHER BANK CREDITORS--AMONG
THOSE TWO FOREIGN BANKS--WOULD IN ALL PROBABILITY BE
SATISFIED IN THE LIQUIDATION PROCESS.

5. PRIOR TO 1961 HANS G. WOLFF WAS PROFESSIONALLY
ASSOCIATED WITH HANS GERLING WHO OWNED 82 PERCENT OF
THE HERSTATT BANK. UNTIL THIS TIME WOLFF AND GERLING
WERE PERSONALLY LIABLE PARTNERS IN THE GLOBAL BANK
WOLFF KG WHICH WAS AN INTEGRAL PART OF THE GERLING
GROUP. A FALLING OUT BETWEEN THE TWO RESULTED IN THE
FOUNDING OF BANKHAUS WOLFF KG AND GERLING'S GLOBAL
BANK AG.

CASH

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